

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of:

Petition for Rulemaking to Amend Part 32 of)
the Commission's Rules to Eliminate Detailed) RM-8640
Property Records for Certain Support Assets)

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REPLY COMMENTS of the
UNITED STATES TELEPHONE ASSOCIATION

The United States Telephone Association (USTA) respectfully submits these reply comments in the above-referenced proceeding. USTA is the principal trade association of the local exchange carrier (LEC) industry with over 1100 members. USTA also filed the Petition for Rulemaking that initiated this proceeding. In these reply comments, USTA wishes to rebut certain points made in the comments of the New York State Department of Public Service (NYSDPS) and MCI Telecommunications Corporation (MCI) and to address the effect on states' prescription of accounting rules within their jurisdiction. No party has raised any issue which could not be effectively aired in a rulemaking proceeding, and USTA therefore urges the Commission to promptly grant its petition.

We applaud NYSDPS's support of the principle that detailed continuing property records (CPRs) for certain support assets should be eliminated. Yet, we are puzzled by NYSDPS's unwillingness to endorse our proposal to eliminate CPRs for these assets. While NYSDPS notes a concern that "relatively large, higher cost items that may fall into the plant accounts identified by USTA" (NYSDPS at 3), this speculative concern should not prevent the Commission from granting our petition and opening a rulemaking, as this issue could be resolved through the rulemaking process. NYSDPS implies that significant assets are recorded in the accounts included in our petition, yet the fact of the matter is that these accounts contain immaterial balances, both individually and in the aggregate.

MCI opposes USTA's petition based primarily on what they allege to be a lack of evidence supporting the estimates of the cost of administering CPRs in our petition and secondarily on the Bell Operating Companies' show-cause orders (MCI at 2 - 3). The former argument is false, and the latter is irrelevant. We did provide evidence of the disproportionate expense LECs incur to maintain their CPRs

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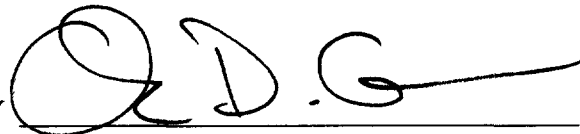
should grant our petition and open a rulemaking to consider changing CPR requirements. Accordingly, the Commission should dismiss MCI's arguments as misdirected and open a rulemaking.

Finally, the issue of how our proposed changes would impact on state regulatory authority appears in several of the comments. Considering that two of the states that filed comments in this proceeding support our petition, the Commission must weigh the comments in favor of granting our petition and initiating a rulemaking. We appreciate the sensitivity of a federal rule change and the effect any change has on states' own accounting rules. To illustrate our awareness of this issue, our original petition for rulemaking asks the Commission to "permit" LECs to replace CPRs with vintage amortization. We believe the Commission can amend Part 32 without unduly interfering with state regulations. At a minimum, a rulemaking proceeding would afford the Commission ample opportunity to address state interests.

For the aforementioned reasons, we urge the Commission to expeditiously grant our petition for rulemaking.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

BY 

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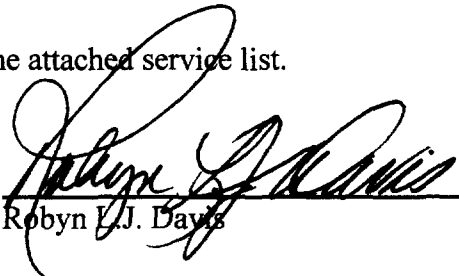
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Anne Barcal
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August 1, 1995

CERTIFICATE OF SERVICE

I, Robyn L.J. Davis, do certify that on August 1, 1995 copies of the Reply Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.


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